



# Global Environment Facility

GEF/C.15/3  
April 7, 2000

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GEF Council  
May 9 - 11, 2000  
Agenda Item 7

WORK PROGRAM SUBMITTED FOR  
COUNCIL APPROVAL

***Recommended Council Decision:***

The Council reviewed the proposed Work Program submitted to Council in document GEF/C.15/3 and approves it subject to comments made during the Council meeting and additional comments that may be submitted to the Secretariat by June 1, 2000.

The Council finds that [, with the exception of \_\_\_\_\_], each project presented to it as part of the Work Program (i) is or would be consistent with the Instrument and GEF policies and procedures and (ii) may be endorsed by the CEO for final approval by the Implementing Agency, provided that the CEO circulates to the Council Members, prior to endorsement, draft final project documents fully incorporating the Council's comments on the work program accompanied by a satisfactory explanation by the CEO of how such comments and comments of the STAP reviewer have been addressed and a confirmation by the CEO that the project continues to be consistent with the Instrument and GEF policies and procedures.

[With respect to \_\_\_\_\_, the Council requests the Secretariat to arrange for Council Members to receive draft final project documents and transmit to the CEO within four weeks any concerns they may have prior to the CEO endorsing a project document for final approval by the Implementing Agency. Such projects may be reviewed at a further Council meeting at the request of at least four Council Members.]

## CONTENTS

<b>I. WORK PROGRAM .....</b>	<b>1</b>
CUMULATIVE WORK PROGRAM.....	1
<b>II. CONFORMITY WITH PROJECT REVIEW CRITERIA.....</b>	<b>3</b>
APPROPRIATENESS OF GEF FINANCING .....	3
EVIDENCE OF COUNTRY OWNERSHIP.....	3
REPLICABILITY.....	4
SUSTAINABILITY OF PROJECTS.....	5
CONFORMITY WITH GEF PUBLIC INVOLVEMENT POLICY .....	5
INDICATORS, MONITORING, AND EVALUATION.....	7
PRIVATE SECTOR INVOLVEMENT AND INNOVATIVE FINANCING MODALITIES .....	7
COORDINATION AND COOPERATION .....	9
OZONE DEPLETION PORTFOLIO.....	9
LAND DEGRADATION .....	10
MULTIPLE FOCAL AREA PORTFOLIO .....	10
<b>III. STRATEGIC PARTNERSHIPS AND PROGRAMMATIC APPROACHES.....</b>	<b>12</b>
GEF SMALL GRANTS PROGRAM (GEF/SECOND OPERATIONAL PHASE).....	12
PROGRAMMATIC FRAMEWORK FOR BIODIVERSITY IN MEXICO.....	13
RENEWABLE ENERGY PARTNERSHIP - UGANDA: RURAL ENERGY FOR DEVELOPMENT.....	13
PROPOSED GEF/WB STRATEGIC PARTNERSHIP ON NUTRIENT REDUCTION IN THE DANUBE-BLACK SEA BASIN.....	14
<b>IV. PROJECT SUMMARIES .....</b>	<b>16</b>
BIOLOGICAL DIVERSITY .....	16
CLIMATE CHANGE.....	21
INTERNATIONAL WATERS.....	24
MULTIPLE FOCAL AREAS.....	26

## ANNEXES

ANNEX A.	PROJECT PROPOSALS SUBMITTED FOR COUNCIL APPROVAL
ANNEX B.	CUMULATIVE WORK PROGRAM BY FOCAL AREA, PILOT PHASE AND GEF
ANNEX C.	APPROVED MEDIUM-SIZED PROJECTS, JANUARY – MARCH 2000
ANNEX D.	PROJECT DEVELOPMENT FACILITY (BLOCK A) FUNDED PROJECTS, JANUARY – MARCH 2000
ANNEX E.	PROJECT DEVELOPMENT FACILITY (BLOCK B) FUNDED PROJECTS: JANUARY – MARCH 2000
ANNEX F.	ENABLING ACTIVITIES UNDER EXPEDITED PROCEDURES JANUARY – MARCH 2000

## I. WORK PROGRAM

1. The Chief Executive Officer (CEO), after reviewing the conclusions and recommendations of the bilateral review meetings with the Implementing Agencies, proposes to the Council for its consideration and approval a Work Program consisting of 24 new project proposals:

- |     |                      |                                |
|-----|----------------------|--------------------------------|
| (a) | Biodiversity         | \$92.512 million (11 projects) |
| (b) | Climate Change       | \$69.336 million (8 projects)  |
| (c) | International Waters | \$34.132 million (3 projects)  |
| (d) | Multiple Focal Area  | \$29.123 million (2 projects)  |

2. The proposed work program has a proposed allocation of \$225.133 million in GEF financing out of a total cost of \$1.068 billion (see Annex A for details). Two of the projects are Enabling Activities submitted to Council as full projects: *China: Enabling China to Prepare Initial National Communication to the UNFCCC* and the *Uruguay: Programs of General Measures and Voluntary Greenhouse Gas Emissions Reduction and Enabling Activity for the Preparation of Uruguay's Second National Communication to the UNFCCC*.

3. The Enabling Activity *Uruguay: Preparation of Uruguay's Second National Communication to the UNFCCC Program of General Measures and Voluntary Greenhouse Gas Emissions Reduction* is the first submitted to GEF for preparation of a second communication. The project is being submitted with a proposed approach for financing of second communications that respond to Decision 8/CP.5 of the fifth Conference of the Parties. (Ref. Council Paper GEF/C.15/ Inf. 12). The project builds on the results of the first Enabling Activity with the addition of components that encompass Stage II adaptation measures.

### CUMULATIVE WORK PROGRAM

4. GEF finances full projects, Medium Sized Projects (MSPs), and Enabling Activities. If the Council approves this Work Program, the cumulative GEF financing for full projects would amount to \$3.005 billion (see Annex B for details). With respect to MSPs approved by the CEO under expedited procedures, ten biodiversity, two climate change, and two international waters projects were approved for a total allocation of \$7.494, \$1.478 and \$1.500 million respectively during this reporting period of January through March 2000 (see Annex C). These approvals bring to 79 the total number of MSPs approved to date, with a total GEF allocation of \$52.256 million.

5. From January through March 2000, the Project Preparation and Development Facility (PDF) supported ten PDF-As amounting to \$0.250 million approved by the Implementing Agencies for a cumulative total of \$4.575 million. During this same period the CEO approved sixteen PDF Block Bs and one PDF Block C for a total of \$5.578 million for a cumulative total of \$48.807 million (see Annexes B, D and E for details).

6. GEF support for enabling activities through to March 2000 covers 127 countries for biodiversity. As most eligible countries have received support for first national reports, only 6 new requests (including 3 for Clearinghouse Mechanism add-on projects) were made during this reporting period (January 31 to March 31, 2000), with total financing of \$1.026 million (see Annex F for details). As of March 2000, 82 of the countries that were supported by the GEF had submitted their first national reports under the Convention on Biological Diversity.

7. In the area of climate change, two Enabling Activity proposals are included in the Work Program: one for China (\$3.600 million) and one for Uruguay (\$.596 million). In addition, the GEF Secretariat and UNDP are working on eight project proposals submitted for additional capacity building activities beyond the first enabling activity. A bit longer time will be needed for their review as being the first proposals for Stage II activities. There are no changes to report on GEF support for climate change enabling activities from the Intersessional Work Program in February 2000, i.e., GEF support covers 133 countries for climate change (activities for 101 countries were approved under the expedited procedures). Out of 25 non-Annex I countries that had submitted their first national communications under the UN Framework Convention on Climate Change, the GEF provided financial assistance to 23 countries.

8. As the Part II operational guidelines for expedited financing of Enabling Activities are now available for both biodiversity and climate change, it is expected that further Enabling Activity proposals will be submitted during coming reporting periods.

9. At its May 1999 meeting, the Council approved the introduction and use of a fee-based system in FY00 to cover and reimburse the project implementation costs incurred by an Implementing Agency in respect of GEF projects<sup>1</sup> and applicable to all projects approved from July 1, 1999. For projects submitted in the current Work Program, the GEF Secretariat negotiated fees with each of the Implementing Agencies in accordance with agreed reference fee levels and project cost variables. The fees applying to the Work Program are listed in Annex A. The MSPs and Enabling Activities approved under expedited procedures since October 1999 are identified in Annex C and Annex F, along with the applicable fees.

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<sup>1</sup> *Proposal for a Fee-Based System for Funding GEF Project Implementation*, GEF/C.13/11

## II. CONFORMITY WITH PROJECT REVIEW CRITERIA

### APPROPRIATENESS OF GEF FINANCING

10. This work program has mobilized significant resources from non-GEF and non Implementing Agency financing sources, including government agencies, NGOs, and the private sector. In this work program the GEF contribution of \$225 million has leveraged contributions to total project costs of about \$1.068 billion. Such inputs help to spread project risks across several actors, leverage clear commitments from beneficiaries, strengthen the basis of project ownership and improve the prospects for replication.

11. Given the unique nature of the *GEF Small Grants Program* the incremental costs are addressed at the programmatic level, rather than at the level of the individual project undertaken at the community level. The program has prepared a resource mobilization strategy to effectively target a broad range of stakeholders at the local, national, and international levels to secure co-financing at the programmatic level.

12. The climate change full project, *Mexico: Methane Capture and Use (Landfill Demonstration)* project will explore in detail the alternatives to grants for landfill gas projects; this will include a survey and assessment of the cost/benefit of existing operating projects. The assessment will be used to explore other viable concessional financing arrangements.

### EVIDENCE OF COUNTRY OWNERSHIP

13. Evidence of country ownership is demonstrated in variety of ways. Most of the projects will be implemented in partnership with government departments and, in many projects, governments have already committed substantial resources to fund baseline activities. The biodiversity projects are specifically designed to respond to country priorities established through the national biodiversity action plans.

14. In the climate change portfolio, individual projects highlight the importance of engaging national partners in effective projects. The *Mexico: Methane Capture and Use (Landfill Demonstration)* project builds on long term country program of solid waste management in Mexico highlighted in the report “Plan Nacional de Desarrollo: 1995 – 2000.” Among other activities the plan focuses on harmonization of solid waste management efforts aimed at controlling the release of greenhouse gases (emissions of landfill methane).

15. The *GEF Small Grants Program* which is now operating successfully in over 40 countries and provides strong evidence of country ownership. The individual country programs are operated in a decentralized manner, with the National Co-ordinator and a National Steering Committee making the day-to-day decisions on the projects supported. To ensure continued quality country ownership of the program, the project document highlights some criteria and priority factors to guide the selection of new countries into the program.

16. The *Brazil: Amazon Region Protected Areas Program (ARPA)* has substantive co-financing from the government itself and there is a strong will to modify policy and regulatory frameworks as needed and will set aside ten percent of the Amazon region under strict protection.

17. The *Colombia: Conservation and Sustainable Use of Biodiversity in the Andes Region* project includes extensive funding from the regional government structures and there has been intensive consultation with local and indigenous groups. The strong commitment from national NGOs and academic centers is a good indication of country ownership and expected sustainability.

18. The *Ecuador: Choco-Andean Corridor* project includes extensive cooperation and builds upon the experience of a national NGO that has worked in the region for the last fifteen years.

#### REPLICABILITY

19. Building replicability into the design of GEF projects responds to an important GEF principle. In this work program, there are several examples of innovative approaches and technologies with potential for replication. For instance, the *Mexico: Methane Capture and Use (Landfill Demonstration)* project will develop a “tool kit” that includes procurement guidelines, technical design, construction and operating manuals, monitoring and supervision guidelines, training courses, twinning arrangements; and most importantly – a national replication strategy.

20. The *Poland: Krakow Energy Efficiency Project*, the first under the new transportation program OP #11, will introduce an approach for non-motorized transport that has tremendous replication potential in Manila, other Philippine cities and other countries. Methodological experience will be disseminated within the World Bank, the GEF, and to transport planners in other development agencies.

21. UNDP has gained considerable experience initiating and setting up the national programs of the *GEF/UNDP Small Grants Program* in over 40 countries. Consequently, UNDP is now able to respond much more effectively to new requests to establish these programs.

22. The *Cameroon: Community-Based Conservation on the Bamenda Highlands* medium sized project is evidence of replication and scaling up of the activities that were supported through the pilot phase Kilum Mountain forest project. The present project was prepared at the request of communities for assistance in sustainable forest management in adjacent forests. This project seeks to replicate the earlier efforts on an ecoregional and landscape scale in at least eight other montane forests on the Bamenda Highlands.

23. The *Mexico: Mesoamerican Biological Corridor* project represents the national chapter of the regionally supported GEF project to connect natural habitats from Mexico through Central America to Colombia. Lessons learnt will be directly replicable to southern Mexico and Central America.

24. The *Brazil: Amazon Region Protected Areas Program (ARPA)* has good potential replicability in other biodiversity conservation management areas within the Amazon and neighboring countries. The project includes substantive dissemination of experiences and is backed up by organizations such as WWF, which has extensive programs in the region. Efforts could also be replicated in similar ecosystems such as in the Atlantic forests of Brazil.

Management schemes could also be replicated in ecosystems such as El Pantanal, Cerrado and Caatinga.

25. The *Colombia: Conservation and Sustainable Use of Biodiversity in the Andes Region* project has good potential of replicability in other mountain chains in the country and region. In fact, this project serves as an umbrella project to the various efforts that the GEF is funding to assist the Colombian government with its implementation of its Andes strategy.

26. The *Ecuador: Choco-Andean Corridor (World Bank)* will cover key issues on ecosystem management through the planning and establishment of biological corridors including protected areas and productive landscapes. If successful, it would provide many useful lessons on landscape management of great utility in the planned South American Corridor, being planned by countries in the region and some international organizations.

#### SUSTAINABILITY OF PROJECTS

27. In biodiversity, recurrent cost financing is essential for project sustainability beyond the GEF-financed project. In the climate change area, barrier removal projects continue to address sustainability through support for the creation of financing mechanisms, new institutions and demonstrations.

28. The *Mexico: Methane Capture and Use (Landfill Demonstration)* project will survey the economics of operating landfill gas projects to establish the cost/benefit of power generation. In addition, procurement guidelines will be prepared to better assist city managers to attract commercial partners and to ensure they are fully informed of the economics.

29. The *Mexico: Indigenous and Community Biodiversity Conservation* would use GEF resources together with an adjustable program loan from the World Bank to phase biodiversity conservation by strengthening the capacity of indigenous and ejido communities in Oaxaca state. The project would then extend this to a further two states. This phased approach is more likely to ensure sustainability of projects as lessons learnt will be incorporated into the replication process.

30. Both Brazil's ARPA and Ecuador's corridor project will include trust funds. Their plans for capitalization will be defined further during early project implementation. However, as there are few institutions currently capitalizing trust funds, this represents a risk to sustainability that needs to be managed. Strong and innovative efforts will be needed to capitalize the fund.

31. The security situation and illegal crop cultivation pose major risks to the Colombian Andes project. The IA is well aware of these risks and has mechanisms to monitor and manage them.

#### CONFORMITY WITH GEF PUBLIC INVOLVEMENT POLICY

32. Consultations with affected groups in government and civil society provide valuable inputs to the design of project activities. The Brazil biodiversity project sponsored a workshop in Manaus that was attended by over 226 people, including representatives from local communities. More than 81 local groups were consulted through organized village meetings in the Colombia, Egypt, and Tanzania biodiversity projects. The regional international waters project in the

Benguela Current held national workshops in Angola, Namibia, and South Africa, and two regional meetings with representatives from NGOs, the private sector, and government.

33. The three projects, (Brazil's ARPA, Colombia's Andes and Ecuador's corridor) include substantive consultation and participation in project design. Even more extensive participation is programmed during project implementation. Key stakeholders such as government agencies at various levels (national state and municipal) as well as local and indigenous communities, national and international NGOs, and national and foreign academic institutions are and will continue to be involved at various scales and time periods.

34. In addition to consultations, some projects conducted social assessments or socio-economic surveys and the results were used in the design of village level project activities (e.g., biodiversity projects in Tanzania, Ecuador, Colombia, Egypt, and Benin). In the Ghana and Egypt biodiversity projects, the focus of the surveys were on community uses of medicinal plants. The social assessment in the international waters project in the San Juan River made use of social surveys to plan the participatory approaches in the pilot sites for natural resources management in Costa Rica and Nicaragua.

35. There are built-in project mechanisms for sustaining the participation of non-governmental and community based stakeholder groups in project activities. For example, the Tanzania biodiversity project makes use of a community agreement signed by district authorities and civil society groups in 17 villages as a basis for the management of a sustainable use zone. The Ghana biodiversity project will establish savanna biodiversity consultative groups at the village level.

36. Some projects will be executed or co-executed with NGOs. These include the following biodiversity projects: Ecuador (joint execution by CARE-Subir and *Fundacion Ecociencia; Fundacion Maquipucuna*), Colombia (*Instituto Alexander von Humboldt*), Tanzania (IUCN-EARO and WWF), *Global Millennium Ecosystem Assessment* (WRI), *Cameroon: Community-Based Conservation in the Bamenda Highlands* (executed by Birdlife International), Uganda (co-execution by the energy ministry and the Uganda Renewable Energy Association, with participation of an international advisory body), and NGO contracted activities in the San Juan River international waters project.

37. Attention to the needs of the poor, especially vulnerable groups such as indigenous communities and women, is an important aspect of project preparation and design. Separate programs for indigenous groups are included in the Brazil, Egypt and Colombia biodiversity projects. There will be community consultative committees, mostly involving women, in the Colombia medium-sized project. A targeted poverty program with a focus on environmental health impacts will be implemented in the Ghana biodiversity project that will be co-executed with the World Health Organization. By focusing on malaria prevention in forests, which has affected a large population of impoverished fuelwood collectors, the project targets a key social concern while introducing alternatives to woodfuels and improving environmental awareness through small group meetings.

38. The *Cameroon: Community-Based Conservation on the Bamenda Highlands* medium sized project evolved from a series of consultations between the local communities, local and

international NGOs and the Ministry of Environment and Forests. The project will further seek to establish community based forest management institutions (FMIs) from members of the 35 villages included in this project.

#### INDICATORS, MONITORING, AND EVALUATION

39. The identification of relevant indicators of impact, and the establishment of an appropriate monitoring and evaluation plan at the project level will ensure that global environmental benefits from GEF investments will be achieved. Projects in this work program have been scrutinized for conformity to the GEF monitoring and evaluation guidelines and the inclusion of best practices from previous and ongoing GEF projects.

40. The *Mexico: Methane Capture and Use (Landfill Demonstration)* project builds on the experience of two projects being developed in the GEF portfolio in Indonesia and Uruguay. In both cases, an independent body will be identified to work in partnership with the project team and national government to verify carbon emissions reductions. Independent monitoring and evaluation, by experts known and respected in the industry, is one of the most cost effective means of facilitating replication of GEF projects.

41. Consistent with the recommendation emerging from the Independent Evaluation of the *GEF Small Grants Program* of the first phase, a monitoring and evaluation framework has now been formulated and it is expected that the national programs will apply this framework to their respective programs within the next fiscal year.

42. As noted by STAP reviewer, the *Mexico: Mesoamerican Biological Corridor* project is at the cutting edge of biological corridor thinking and will put into practice and test many scientific and managerial assumptions that are key for managing natural habitats at the ecosystem scale. The monitoring of this project would be critical in evaluating results, and informing replication to other corridors at the regional level.

43. The *Brazil: Amazon Region Protected Areas Program (ARPA)*, the *Colombia: Conservation and Sustainable Use of Biodiversity in the Andes Region* project, and the *Ecuador: Choco-Andean Corridor* project include defined M&E plans, and logical frameworks that include indicators that are measurable and verifiable. M&E schemes will be fully completed at the time of endorsement for the Brazil and Colombian projects.

#### PRIVATE SECTOR INVOLVEMENT AND INNOVATIVE FINANCING MODALITIES

44. Most projects in this work program involve the private sector as providers of technology, goods and services - typically awarded in competitive bidding processes where they respond to requests for proposals or where they co-finance specific components of project activities like tourism.

45. Given the move towards strategic partnerships and programmatic approaches, having the direct involvement of the private sector early during project conceptual design, is necessary for efficient cost effective operations. Mechanisms for involving the private sector appropriately, at the outset of the *Mexico: Methane Capture and Use (Landfill Demonstration)* project will

facilitate success of the pilot program and future replication. This project will additionally develop procurement guidelines, with private sector participation, to help disseminate lessons learned and replicate project experience elsewhere.

46. In the UNDP biodiversity project, *Egypt: Conservation and Sustainable Use of Medicinal Plants in Arid and Semi-arid Ecosystems*, Sekem is a key partner and will contribute over \$200,000 towards project implementation. As one of the main private sector firms in Egypt producing medicinal plants for oil extracts, herbal drinks, tablets, etc., Sekem is involved in research, development and commercial application of collecting, cultivating, processing, packaging and marketing medicinal plants. Its' experience will form a fundamental core of knowledge that would be adapted and transferred to the project sites in St Katherine's Protectorate.

47. The private sector is the key stakeholder in climate change. For example, in the Cuba co-generation project, the sugar mill Hector Molina, and the Electric National Union - the local utility are establishing a joint venture corporation for the financing and implementation of the project.

48. In the *Poland: Krakow Energy Efficiency* project, a main objective of the proposed project is to increase private sector investments in energy efficiency in buildings. Key stakeholder groups to be involved include building industry associations, building design professionals, manufacturers of building equipment and materials, building retrofit contractors, banks, and mortgage companies. Additionally, this proposal is the first involving a GEF partial risk guarantee facility to be established with an IBRD-funded project. The lessons learned will provide a ground to design and implement similar IBRD/GEF projects.

49. The private sector is one of the issues that need further attention as the *Brazil: ARPA*, the *Colombia: Conservation and Sustainable use of Biodiversity in the Andes Region* project, and the *Ecuador: Choco-Andean Corridor* project only mention them briefly. In the case of Brazil, concessions are likely to play a key role of the involvement of this sector. However, GEF IAs should work with project proponents to bring greater attention into this issue.

50. *The Global Millennium Ecosystem Assessment* (WRI) includes a regionally disbursed and professionally diverse advisory board. Given that actions highlighted by the assessment will be largely implemented by the private sector, and engineering practitioners, in partnership with national governments and others, it is critical that they be directly involved. Currently one of the board members is from the private sector; additional representation could be achieved by involving private practice engineers.

51. The *UNEP Regional International Waters* project, *Integrated Management of the San Juan River and Its Coastal Zone*, will include several demonstration projects devoted to the promotion of small-scale private initiatives, essentially in the farming and forestry sectors. The *UNDP International Waters Regional Project (Angola, Namibia and South Africa) Integrated Management of the Bengula Current Large Marine Ecosystem* is cofinanced by the diamond and oil industry. Though the project directly impacts fisheries, the project brief does not mention the involvement of the fishing industry, commercial and/or artisanal. The third IW project, *Regional*

*(China, Rep. Korea): Reducing Environmental Stress in the Yellow Sea Large Marine Ecosystem* does not directly involve the private sector.

52. The private sector is one of the issues that needs further attention in GEF projects. Recurrent ongoing costs should be an established component of GEF projects and could be satisfied by private sector involvement.

#### COORDINATION AND COOPERATION

53. This work program contains projects that exemplify various forms of collaboration among stakeholders.

54. In the case of *Mexico: Methane Capture and Use (Landfill Demonstration)* project, the project proponents have worked closely with the USEPA Landfill Methane Outreach Program, with SEDESOL to share experiences and SIMEPRODE to develop twinning arrangements with US municipalities. Additionally, the project has been developed in close collaboration with UNDP, which has supported the development of the first communication to the UNFCCC and the Mexican Office for Greenhouse Gas Mitigation at INE Instituto Nacional de Ecología. Specific project component will focus on building links to at least two other GEF landfill projects in Indonesia and Uruguay.

55. The *Brazil: Amazon Region Protected Areas Program (ARPA)* includes strong cooperation of multilateral and bilateral programs through both the World Bank and the PPG-7 program. There has also been strong coordination with WWF and its networks nationally and globally.

56. The *Colombia: Conservation and Sustainable Use of Biodiversity in the Andes Region* project includes extensive cooperation for its planning and implementation. Both the Bank and UNDP have been closely coordinating their portfolio development and implementation, sharing lessons and good practice.

57. In the case of the *Ecuador: Choco-Andean Corridor* project, the executing agency is closely coordinating with government agencies, multilateral groups, and US organizations such as the University of Georgia and the Atlanta Botanic Garden. Close coordination with local communities will continue during implementation.

#### OZONE DEPLETION PORTFOLIO

58. There are no ODS phase out projects proposed for approval in the current work program. Taking into account that all sixteen countries currently eligible for GEF support in the ozone focal area are already receiving assistance for the implementation of the national ozone layer protection programs, only minor additions to the GEF ozone portfolio are expected in the future. With total allocations below \$150 million, the GEF has leveraged private investments amounting to more than US\$200 million. This will enable compliance of all GEF recipients with the control provisions of the Montreal Protocol over the next few months.

59. The GEF contribution to the Russian production sector closure initiative has been recently endorsed. This initiative will enforce the ban on Russian ODS manufacture by June 2000.

60. The GEF project experience in the ozone focal area illustrates that it is possible to achieve the objectives of the Montreal Protocol while advancing the objectives of the UN Framework Convention on Climate Change. GEF has demonstrated that combining the elimination of ozone depleting substances with the promotion of energy efficiency and the use of most environmentally sound ODS substitutes is a very effective strategy.

#### LAND DEGRADATION

61. In this Work Program, there are two projects with activities that also address land degradation – the *Ghana: Northern Savanna Biodiversity Conservation* project and the *Egypt: Conservation and Sustainable Use of Medicinal Plants in Arid and Semi Arid Ecosystems* project. Although these two projects approach the issue of land degradation from the biodiversity conservation window, they begin to reflect more on the issues related to integrated natural resources management and sustainable land management. While seeking to conserve biodiversity, they deal more directly with the issues of improved livelihoods for the local populations who manage the resources. The Ghana project clearly responds to the action plan on land degradation approved by the GEF Council at its last meeting in December 1999 by mobilizing stakeholders and enhancing GEF catalytic role in mobilizing resources by linking project activities to other ongoing natural resources management activities in the adjacent ecological zones.

62. The Ghana project is closely linked to the Natural Resources Management Project that deals with the adjacent forest and has established an institutional framework within which the project will operate without having to establish new mechanisms. The project emphasizes the role of women and children, which is critical in the sustainable use and management of savanna resources. In Ghana's savanna zone, for example, it is clear that women are in control of the non-timber forest products. Both projects emphasize the conservation of medicinal plants, which has a direct relation to human resources, which are needed to bring about the improved resource management.

63. Other projects with activities that also address land degradation include the *Benin: Program for Management of Forest and Adjacent Lands* project, the *Brazil: Amazon Region Protected Areas Program*, the *Colombia: Caribbean Archipelago Biosphere Reserve* project, and the *Tanzania: Development of Mnazi Bay Marine Park* project. The *Mexico: Methane Capture and Use (Landfill Demonstration)* project, in the climate change portfolio, is one of several GEF landfill projects that will explicitly explore the economics and demonstrate the viability of using compost to address land degradation, while simultaneously eliminating carbon emissions.

#### MULTIPLE FOCAL AREA PORTFOLIO

64. Two projects cut across focal areas. One is the Small Grants Program, which will finance subprojects in three focal areas. The other is the first example of a project under the recently approved operational program, Integrated Ecosystem Management (OP#12) – *Benin: Program for the management of Forests and Adjacent Lands*.

65. The *Benin: Program for the Management of Forests and Adjacent Lands* is the first submission under Operational Program #12 “Integrated Ecosystem Management.” As a fully blended IDA-GEF program it will enable local stakeholders to meet domestic needs while facilitating the generation of multiple environmental benefits, including conservation and sustainable use of biological diversity, carbon sequestration, reduced land degradation, conservation of watersheds through a sustainable management of forests and adjacent land resources. The project aims to support the country to meet the growing demand for household fuels, without the loss of forest cover, degradation of soil and water, or reduction of the ecosystem’s carbon sequestration capacity.

### III. STRATEGIC PARTNERSHIPS AND PROGRAMMATIC APPROACHES

66. GEF has experimented and developed three new projects in keeping with the principles of “Programmatic Approaches” and Partnerships, one each in the three focal areas, biodiversity, climate change and international waters. The Programmatic Approach goes beyond simple stand alone projects and have broader, more significant impact over the long term. This is achieved by building in project components for replication, monitoring and evaluation, stakeholder involvement in partnership with national government, private sector and other actors.

#### GEF SMALL GRANTS PROGRAM (GEF/SECOND OPERATIONAL PHASE)

67. The *GEF Small Grants Program (Second Operational Phase)* is an excellent working example of the Programmatic Approach. The premise of the Second Operational Phase is that local solutions to global environmental problems exist and that community-based approaches are a powerful means in this regard. Based on the success of the first operational phase, the Council approved in November 1998 a second open-ended operational phase which would operate on an annual “rolling” financial modality. The CEO would propose future replenishments contingent upon the Second Operational Phase meeting key milestones set out in the project document. Disbursements of the approved funds would take place against delivery of these milestones. In this work program the project document reports on the progress made in the year 1 (of the Second Operational Phase), outlines what it will deliver in year 2 (and year 3) and makes request for year 3 of the program. The progress made on the key milestones and deliverables is impressive, and the replenishment request included in this Work Program is in accordance with the rolling plan outlined earlier.<sup>2</sup>

68. There are some programmatic aspects of the Second Operational Phase especially worthy of note. First, the Second Operational Phase provides an example of the application of incremental cost at the programmatic level -- to relieve grantees of the burden of preparing individual incremental cost calculations. Funds would be mobilized from non-GEF sources to cover baseline activities (the ratio of leveraged funds to GEF resources is expected to be 1:1). In this regard, the program has prepared a resource mobilization strategy to effectively target a broad range of stakeholders at the local, national, and international levels to secure co-financing at the programmatic level.

69. The national program coordinators would guide grant allocation for individual projects by financing the incremental costs from GEF funds and baseline development from non-GEF funds. The programmatic approach allows for significantly higher levels of accountability and continuity to be built into the system. For example, the monitoring and evaluation framework formulated in the first year will be applied at the national level; a communications and outreach strategy will be put into action; and a resource mobilization strategy to effectively target a broad range of stakeholders at the local, national, and international levels to secure co-financing at the programmatic level.

70. The successful execution of these will deepen and broaden the commitment at the level of the national programs, and provide a stronger foundation for the *GEF Small Grants Program* to

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<sup>2</sup> UNDP Report on Progress Made in Implementing the *GEF Small Grants Program*, GEF/C.13/Inf. 4

fully realize its potential and enhance the impact of the program within the GEF system as a whole.

#### PROGRAMMATIC FRAMEWORK FOR BIODIVERSITY IN MEXICO

71. The Government of Mexico is working with the GEF Secretariat and the Implementing Agencies to develop a Programmatic Framework for GEF support of biodiversity conservation initiatives in Mexico over the next 5-10 years. The dialogue on the formulation of this framework is ongoing and it is anticipated that the Programmatic Framework will be presented to Council in November 2000. The framework will be guided by the principles outlined in the paper *Programmatic Approach for the GEF: Criteria and Processes for Its Implementation*.

72. Four “pillars” were identified in the Mexico Biodiversity Strategy (MBS): conservation, sustainable use, biodiversity knowledge, and natural resource valuation. In response to these pillars the MBS identified areas of opportunity for increased knowledge and research as well as for engaging other sectors and actors in crosscutting efforts needed to deepen and strengthen the country’s capacity to respond to threats. The combination of the MBS and diverse policy instruments and commitments enable Mexico to focus on measurable outcomes and address the gaps identified in the development of its Action Plan. The GEF through its programmatic approach provides an opportunity for more effective and sustained conservation over the longer term.

73. A key consideration for Mexico in the development of the programmatic framework is the viability of the current, robust pipeline in conservation and sustainable use that has been identified by the country with the assistance of the Implementing Agencies. This pipeline – containing the first full-scale projects in biodiversity in the past eight years – supports many of the areas and national priorities identified in the Mexican Biodiversity Strategy (MBS) as well as the instruments developed by the Government of Mexico for conservation and sustainable use. In fact, the two projects included in this work program *Mexico: Mesoamerican Biological Corridor* and *Mexico: Indigenous and Community Biodiversity Conservation* both conform well to priorities of the proposed Programmatic Framework. The programmatic approach provides an opportunity to re-direct this pipeline (and future activities) to be more strategic and to work towards a more effective Action Plan, and action on the ground. The Programmatic Framework would address the enabling environment and crosscutting elements in a more comprehensive way.

74. GEF continues to work in partnership with the Mexican Government and the Implementing Agencies to finalize the Programmatic Framework.

#### RENEWABLE ENERGY PARTNERSHIP - UGANDA: RURAL ENERGY FOR DEVELOPMENT

75. Uganda is the first project submitted to the GEF-World Bank Renewable Energy Partnership. The *Uganda Rural Energy for Development* proposal represents a watershed for the GEF, World Bank Group and client countries for initiating new approaches that will encourage long-term renewable energy in the developing world.

76. The project is targeted at private sector market development and financing to ensure commercial sustainability. Further, it introduces a performance contract that links the

disbursement of GEF resources to progress with agreed milestones within a long-term programmatic approach. The project uses a 10-year World Bank Adaptable Program Loan (APL) implemented in three tranches of approximately three years each, that include specific milestones and performance targets to guide the release of GEF funds. The targets are indicative and focused on achieving credible programmatic goals.

77. The project proposes long-term targets (with a GEF contribution proposed that is the highest for the World Bank's operations in the sub-Saharan Africa region). It provides significant leveraging of GEF resources, with GEF incremental costs are expected to decline over time. By increasing the scale of projects, the APL approach seeks to contribute to a larger country-based rural development strategy by engaging the country government in a larger dialog and by accessing significant co-financing from other bilateral donors.

#### PROPOSED GEF/WB STRATEGIC PARTNERSHIP ON NUTRIENT REDUCTION IN THE DANUBE-BLACK SEA BASIN

78. Since 1993, the European Union and the GEF have supported countries of the Danube Basin and those around the Black Sea to understand priority water-related problems they face and to build their capacity under the Danube Convention and the Black Sea Convention to address the priorities jointly. GEF has supported a series of small projects to accomplish this through joint processes of producing a transboundary analysis for setting country-driven priorities and then formulating a Strategic Action Programme (SAP) of needed regional and country-specific actions to address the root causes of the transboundary problems. The countries are now ready to implement the SAPs, which will require incremental cost financing to resolve the priority transboundary issues, the top priority of which is excessive nutrient pollution (nitrogen and phosphorus) from many sources that has degraded the Black Sea, its commercial fisheries, and its biological diversity.

79. The World Bank, in consultation with the GEF Secretariat, has developed a proposal for a strategic partnership on nutrient reduction investments in the municipal, industrial, and agricultural sectors and for floodplain wetland restoration that will reduce nutrient pollution.<sup>3</sup> The partnership is designed to mobilize at least \$210 million non-GEF funding for on the ground nutrient reduction investments. The investment is leveraged of 3:1 through the provision of \$70 million to the Bank in two tranches over a six-year period with delegated approval authority to the CEO to speed implementation of sub-projects under the Partnership. This leverage and the level of effort for implementing on-the-ground measures included in the agreed SAP prepared by the countries are unprecedented in the IW focal area. The partnership would also include the commitment for the World Bank to incorporate into the Country Assistance Strategy (CAS) for each country the Black Sea and Danube water quality cleanup needs and to include in IBRD and IDA policy dialogue with the countries the need for policy, legal, and institutional reforms for the cleanup.

80. The strategic partnership would test a new modality of a lending institution mobilizing large amounts of finance in ratios of at least 3:1 to assist countries with on-the-ground

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<sup>3</sup> *Strategic Partnership on Nutrient Reduction for the Black Sea/Danube Basin*, GEF/C.15/Inf.6

investments that address country-driven transboundary priority issues identified in Strategic Action Programs financed through GEF or other entities. Such a follow-up SAP implementation activity is a key element of the Operational Strategy for the focal area and is proposed for testing in the 16 countries of the Danube/Black Sea Basin. If successful, other such partnerships may be developed with lending institutions that focus on accelerating implementation of agreed measures to resolve transboundary aquifer, basin, marine ecosystem and fisheries problems.

81. The first two projects, consistent with the partnership proposal but supportable on their individual project merits, will be proposed in the forthcoming Work Programs. A proposal for streamlined release of funds for additional projects consistent with the partnership would be presented to Council in November 2000.

#### IV. PROJECT SUMMARIES

##### BIOLOGICAL DIVERSITY

###### ***Global: Millennium Ecosystem Assessment (UNEP) GEF: \$7.310m; Total: \$24.920m***

GEF funding will catalyze global, regional, national, and local action to conduct a Global Ecosystem Assessment to help bring the best available information and knowledge on ecosystem goods and services to bear on policy and management decisions. It will also build the capacity at all levels to undertake integrated ecosystem assessments and to act on their findings. Through this process, the project will provide an accurate description of the current extent, trends, pressures, conditions, and value of the different ecosystems of the world, establishing a clear baseline for the year 2000. It will provide a set of plausible scenarios for how the quality and quantity of ecosystem goods and services may change in coming decades in different regions of the world, highlighting trade-offs in the ability of ecosystems to produce these goods and services. It will also assess the response options for different ecosystems, identifying policies, institutional changes, and technologies that would improve the management of ecosystems. The results will be policy relevant but not policy prescriptive. The project is demand-driven, as key users of information generated by the Assessment have been involved in the design of the project from the outset and have had a clear role in shaping the structure and organization of the project.

*Expected project outputs after four years of implementation:* a) a methodology for conducting integrated ecosystem assessment at local, national, regional and global scales produced; b) a global assessment of pressures, conditions, trends, scenarios, and response options related to ecosystem goods and services produced; c) local, national and regional integrated ecosystem assessments catalyzed by the Millennium Ecosystem Assessment process; d) published findings of the assessment widely distributed in print and electronic form and used by key target audiences.

###### ***Brazil: Amazon Region Protected Areas Program (ARPA) (World Bank) GEF: \$30.350m; Total: \$89.000m***

This three-phases project would support a 10-year government and international community effort to strictly protect ten percent of Amazon forests ecosystems consolidating management on key existing protected areas (PAs). It would also assist in developing the financial, legal and institutional vehicles to support the sustainability of PA interventions, establishing a PA monitoring and evaluation program, including dissemination of lessons and good practice, and cover some of the costs of project coordination. Through targeted interventions, constituency building, institutional strengthening of key stakeholders, and direct field efforts, the project intends to conserve and sustainable manage biodiversity of global importance. The GEF supports the first phase of the ten year program. Matching funds from PPG-7, Government of Brazil, and WWF on phase I are 1:2. The role and scope of GEF support for Phases II and III would be determined at the end of phase I.

*Expected project outputs after four years of implementation:* (a) or establishment of new PAs: creating of new PAs, on the ground demarcation, continued prioritization; (b) for strengthening

existing PAs: development of management plans, PA demarcation, infrastructure and equipment, development of partnerships or concession agreements, institutional coordination, and development of community participation; (c) for financial, legal and institutional issues: structuring, capitalization and operation of the proposed trust fund, identification and implementation of pilot income revenue generating mechanisms, and increased law awareness and improved legal framework; (d) for M&E establishment of a biodiversity M&E at PA and regional levels, including an M&E system for the project components; and (e) for project coordination: establishment and operation of the respective project unit.

***Cameroon: Community-Based Conservation in the Bamenda Highlands (UNDP) GEF: \$1.000m; Total: \$3.091m***

This project will seek to conserve Afro-montane biodiversity in the Bamenda Highlands, building upon and scaling up the efforts of the earlier work in the Kilum-Ijim Forests. In particular, it will provide an opportunity to galvanise action in the context of community forests as provided for by the new Forest Policy (1995) and new Forest Law. The formal procedures for the legalization of community forests is very complex - but through this project it will be developed for at least eight other montane forests in the Bamenda Highlands.

*Expected project output after four years implementation:* (a) Communities, government and civil society are aware of forest values and forest adjacent communities and other stakeholders have incentives to manage them sustainably for biodiversity; (b) functional management and control systems for sustainable management of forests exist (among government, NGOs and community-based organizations); (c) critical biodiversity sites are known, and protected through appropriate legal mechanisms; and (d) communities have the ability to use their natural resources more sustainably and in a way which supports forest conservation.

***Colombia: Caribbean Archipelago Biosphere Reserve: Regional Marine Protected Area System (World Bank) GEF: \$1.000m; Total: \$4.180m***

The rationale of the project is to conserve biodiversity and ensure sustainable use of coastal and marine resources in the Caribbean Archipelago while enhancing equitable benefit distribution for the community. The objective is to design and implement a system of marine protected areas (MPAs) zoned for multiple-use and managed to reduce human threats and to protect globally important sites of biodiversity in cooperation with the local community.

*Expected project output after six years implementation:* (a) Ecological and socioeconomic information needed for MPA design and management collected, systematized, and available to local stakeholders; (b) MPA system legally enacted with policies and regulations established; (c) Integrated management and zoning plan designed in agreement with the community and under implementation with active stakeholder involvement; (d) Stakeholders trained in resource management and ways to reduce human threats to marine and coastal ecosystems to ensure long-term biodiversity conservation and sustainable use (institutions, NGOs, cooperatives, businesses, etc).

***Colombia: Conservation and Sustainable Use of Biodiversity in the Andes Region (World Bank) GEF: \$15.350m; Total: \$30.350m***

The project would assist the Colombian Government and national institutions to address conservation, sustainable use, and benefit sharing issues in the Andean region, a key mountainous region for global biodiversity. This six-year two-phased project would have five key components: (a) conservation areas; (b) conservation and sustainable use of biodiversity in rural landscapes; (c) knowledge base for decision making, monitoring and evaluation; (d) intersectoral coordination; and project management and project monitoring. It would substantively help expand the mountains OP portfolio with a high quality project.

*Expected project output after six years implementation:* (a) Andean protected area system more representative, viable and effective; (b) incorporation of biodiversity considerations in rural landscape strategies; (c) knowledge base of biodiversity expanded, organized for decision-making, evaluation of impacts and disseminated to stakeholders; (d) inclusion of biodiversity considerations in sectoral development programs; and project management, monitoring and evaluation established and effective.

***Ecuador: Choco-Andean Corridor (World Bank) GEF: \$1.000m; Total: \$3.353m***

The proposed project would support key functional connectivity activities for the conservation of threatened biodiversity in the Choco-Andean ecosystems of northwestern Ecuador. It does this by establishing conservation priorities and an action plan, increasing the quality, quantity, and availability of environmental information to facilitate decision-making, and through the design and establishment of a system of incentives for conservation and sustainable management of biodiversity in the region. It uses a land-use matrix supporting the integrity of several important, linked ecosystems that provide habitats for many endemic species. To reach its goals, the project uses a dual scale approach: long-term planning, information management and enhanced coordination at the regional level (1 m ha) matched with more intensive, field-based work at the pilot scale (75,000 ha). The pilot scale is designed to build the institutional structure and grassroots support for local and regional conservation.

*Expected project outputs after three years of implementation:* (a) priorities and plan of action of their implementation established; (b) pilot core corridor-conservation areas established; (c) integrated information and decision-making system defined and established, permitting multiple stakeholders' access; (d) increased awareness among local communities; (e) alternative productive income-generating activities for local communities defined and implemented; (f) a long-term financing mechanism explored, defined and implemented.

***Egypt: Conservation and Sustainable Use of Medicinal Plants in Arid and Semi-arid Ecosystems (UNDP) GEF: \$4.287m; Total: \$9.053m***

The objective of the project is to conserve and sustainably use globally significant medicinal plant species and associated habitats in St. Katherine's Protectorate through the following: (a) foreclose the use of critically endangered medicinal plant species in hotspots; (b) introduce small-scale

community-based cultivation, processing, and marketing of medicinal plants to relieve pressure from wild sources in orchards and gardens; (c) introduce best practices for wild medicinal plant collection and sustainable collection levels throughout the Protectorate; (d) promote alternative energy sources in demonstration areas; (e) disperse grazing pressure throughout the Protectorate; (f) protect community intellectual property rights in Egypt; and (g) replicate project successes in other parts of Egypt.

*Expected project outputs after five years of implementation:* The project is expected to have the following outputs: (a) protection of critically endangered medicinal plant species through in-situ conservation in "enclosures" and ex-situ conservation in gene banks; (b) improved capacity of communities in St. Katherine to cultivate, harvest, process, and market medicinal plants; (c) adoption of best practices in processing, packaging, and marketing of medicinal plants; (d) adoption of alternative sources of fuel by tourists, trek and tourist operators as a means to reduce harvesting pressure on fuelwood; (e) improved grazing management practices by Bedouin communities; (f) community intellectual property rights for medicinal plants adopted in Egypt; and (g) replication of best practices in the conservation of medicinal plants in replicated in other parts of Egypt.

***Ghana: Northern Savanna Biodiversity Conservation (NSBC) Project (World Bank) GEF: \$7.900m; Total: \$47.800m***

In Ghana, as elsewhere in Africa, savanna woodlands provide valuable environmental services, are a crucial refuge for native biodiversity, and also protect soil and water resources against degradation. About 70 percent of Ghana's total supply of firewood and charcoal, estimated at 16 million cubic meters, comes from the savanna, which also provide medicinal plants (the primary source of healthcare to residents) roofing grasses, fencing poles, bush meat and fruits. The northern savannas are a source of important farmer crop varieties (cereals, roots/tubers and legumes). The future survival of the majority of indigenous crop varieties is in doubt. Similarly, an increasing number of the medicinal plants are threatened. Preserving these genetic stocks and knowledge of their use will require specific interventions to ensure that these wild/native varieties are not completely lost through inappropriate practices or replaced by introduced varieties. The project's primary objective is to improve the environment, livelihood, and health in the northern savanna zone of Ghana through the conservation and sustainable use of natural resources including medicinal plants. The global environment objective is to identify, monitor, and conserve key components of the biodiversity of the northern savanna zone.

*Expected project outputs:* Progress would be determined by (a) measurable improvement in the conservation and management of globally and nationally significant plant and animal species, and their habitats; (b) the development of a specific policy framework, based on improved capacity in the region; (c) community involvement and adoption of improved biodiversity management plans and new conservation measures; and (d) increased community awareness of biodiversity issues and maintenance of field gene banks of threatened indigenous crop varieties and medicinal plants.

***Mexico: Indigenous and Community Biodiversity Conservation (COINBIO) (World Bank) GEF: \$7.500m; Total: \$18.700m***

The objective of the project is to achieve more effective biodiversity conservation in the states of Oaxaca, Michoacán, and Guerrero by strengthening the capacity of indigenous and ejido communities to manage and protect their biological and cultural resources based on traditional values and practices. The Bank component of the project would use an adjustable program framework (APL) over a seven-year period, associated with a forestry community loan. The project would have two phases: an initial two year phase would finance protection activities and the establishment of key biological corridors, consolidate best practice for community-based conservation test economic and institutional frameworks. The subsequent phase, lasting five years, would replicate project experience in additional communities in the three Mexican states.

*Expected project outputs after seven years of implementation:* Phase 1: (a) participating communities in Oaxaca strengthen their organizational capacity and communities in all 3 states raise awareness and skill levels; (b) communities in Oaxaca start-up areas create permanent reserves and form alliances; (c) Oaxaca communities delimit areas and agree on corridor linkages; (d) business plans for and initiation of sustainable use pilots; (e) studies and information base generated to measure biodiversity protected, community capacity and viability of government/NGO/community coordination structure. Phase 2: (a) new communities increase organizational capacity and strengthen alliances; (b) conservation model expanded to two new states; (c) model adapted to two new areas and inter-state coordination on corridors initiated; and (e) market analysis of pilot projects and financing of successful models in two new states and Oaxaca.

***Mexico: Mesoamerican Biological Corridor (World Bank) GEF: \$15.200m; Total: \$93.310***

The objective of the project is to promote, in two phases of four years each, conservation and sustainable use of globally significant biodiversity through the establishment of six biological corridors in the southeast of Mexico. The corridors will be linking ecologically and biologically existing protected areas across the productive landscape. They will contribute to socially sustainable and environmentally sound development through mainstreaming of biodiversity conservation and sound natural resource management in local development processes. Protected areas and corridors together would form an integrated system for the conservation and sustainable management of natural resources, including biodiversity, across the natural and productive landscapes in southern Mexico and as part of the Mesoamerican Biological Corridor (MBC)

*Expected project outputs after eight years of implementation:* (a) detailed community-level definition of priorities for conservation and sustainable use in 19 focal areas within 6 biological corridors (10 focal areas in the first phase, 9 in the second phase of the project); (b) establishment of M&E system comprising ecological, social, and institutional indicators; (c) six corridor level strategies established and agreed upon; (d) sectoral programs contained provisions encouraging corridor-compatible initiatives agreed; (e) improved capacity in selected central and local government to ensure that execution of development programs avoids or minimizes impacts on biodiversity in connectors; (f) M&E systems in selected government programs includes measurement of impacts on biological corridors; (g) focal area level action plans developed and

agreed upon; (h) improved local capacity for biodiversity sustainable use options; (i) completion of small scale ecological restoration projects; (j) completion of pilot projects of sustainable use options with potential for broader replication in the project area; (k) improved market access (including certification schemes) for biodiversity friendly products; (l) effective management and coordination of project at the central level; (m) effective management and coordination of project at the individual corridor level.

***Tanzania: Development of Mnazi Bay Marine Park (UNDP) GEF: \$1.615m; Total: \$2.329m***

This project provides incremental finance for the development of a multi-purpose Marine Protected Area around the globally significant marine biodiversity values of the Mnazi Bay and Rovuma River estuary areas in Southern Tanzania. This is Tanzania's second Marine Park. In keeping with Marine Park philosophy in Tanzania, the sustainable use of marine resources by communities, as well as biodiversity conservation is emphasized. This is designed as a 54-month project including an initial participatory planning phase followed by an implementation phase. There is a focus on protected area zoning with sustainable harvesting. Externalities are addressed.

*Expected project outputs after four and one half years of implementation:* The project outcomes will be generated under four components - participatory planning and management, the development of sustainable livelihoods, capacity building and monitoring and evaluation.

CLIMATE CHANGE

***China: Enabling China to Prepare Initial National Communication to the UNFCCC (UNDP) GEF: \$3.600m; Total: \$3.840m***

This project supports completion of China's first National Communication as required under Article 12 of the Framework Convention on Climate Change, and builds on previous funding provided by the GEF Asia Least Cost Greenhouse Abatement project and other bilateral and multilateral resources. UNDP, the GEF Implementing Agency for this project, provided funds for its preparation on June 1998. China has also requested related support for further refinement of its emission inventories as the basis for greenhouse gas mitigation efforts and for national capacity for improving its understanding of its vulnerability to climate change. These needs are to be addressed in two projects separately approved as concepts and submitted to Council at its next meeting.

*Expected project outputs after three years of implementation:* China's first national communication to the FCCC.

***Cuba: Co-generation of Electricity and Steam Using Sugarcane Bagasse and Trash (UNDP) GEF: \$12.515m; Total: \$85.746m***

This project aims at reducing Cuba's energy-related CO<sub>2</sub>-emissions by removing barriers to the substitution of sugarcane bagasse and trash for fuel oil in power and steam co-generation. This will be achieved by demonstrating the technical, economic, and financial viability of establishing

companies in the vicinity of sugar mills to co-generate steam and power by using biomass-fired, high-pressure, condensing-extraction steam turbine technology. By demonstrating the technology and reducing the barriers to its large-scale replication, it is expected that a significant fraction of the biomass energy potential in Cuba can be harnessed in an efficient way. In the medium-term, it is estimated that some 3000 GWh/yr. of additional biomass-based power can be supplied to the grid thus reducing annual carbon emissions by over 600,000 tC. To the best extent possible, the GEF support to this investment project will be targeted toward reducing risk through expanded use of contingent financing techniques.

*Expected project outputs after six years of implementation:* (a) removal of barriers to the use of a national renewable energy resource--sugarcane bagasse and trash; (b) demonstrate the feasibility of establishing IPP companies under joint venture arrangements; (c) initiate a national program; and (d) enhance national capacity for biomass energy technologies and Independent Power Producer schemes, including Power Purchase Agreements (PPA).

***Kazakhstan: Wind Power Market Development Initiative (UNDP) GEF: \$2.900m; Total: \$7.740m***

The proposed project will support the Government of Kazakhstan in developing the wind power market in Kazakhstan, by combining a technical assistance package addressing the barriers described above with a financial scheme to support the start-up phase of this effort. There are currently no other planned or ongoing initiatives funded by national or international sources to reach this goal. The project has strong links to the global wind resource assessment carried out under UNEP leadership. Wind assessment tools and experience in applying them at scales appropriate for the identification of suitable investment sites will be shared and integrated in the global program.

*Expected project outputs after three years of implementation:* The project will promote the development of the wind energy market in Kazakhstan by removing the existing barriers to and reducing the implementation costs of wind energy projects by: (a) assisting the government to formulate a cross-sectoral national wind energy program; (b) providing information for and building the local capacity to develop wind energy projects and to organize financing for them (including site “mapping” and expansion of the wind speed measurement program); (c) facilitating the construction of the first “demonstration” wind farm to prepare ground for and reduce the risks of further investments; and (d) monitoring, evaluating and reporting the experiences and lessons learned during the implementation of the project.

***Mexico: Methane Capture and Use (Landfill Demonstration) Project (World Bank) GEF: \$6.530; Total: \$23.150m***

The proposed project will demonstrate landfill gas capture at one landfill in Mexico and will lead to immediate reduction of greenhouse gas emissions. The project will construct an 8 MW landfill gas power plant at a sanitary landfill in Monterrey, NL. The project will also prepare the strategy for a broader landfill gas management program for all of Mexico that can be replicated to other regions of LAC.

*Expected project outputs after five years of implementation:* Carbon emissions reductions of 964,000 tons over the 20 year life of the project, replication strategy for landfill gas management and use for Mexico and the LAC region.

***Philippines: Marikina Bikeways Project: Component of Metro Manila Urban Transport Integration Project (World Bank) GEF: \$1.875m; Total: \$2.061m***

The proposed GEF activity would promote a shift from motor vehicles to non-motorized transport (NMT), particularly bicycles, in Marikina City, metro Manila, by making NMT a safer and more convenient transport mode in the city. Its global environment objective is to slow the growth of transport-related GHG emissions. This would be achieved by: (a) shifting new transport demand towards less-polluting NMT modes; and (b) maintaining the current demand share served by non-motorized modes. A secondary objective is to demonstrate and publicize the benefits and viability of NMT as an alternative transport mode, so as to encourage replication of this pilot NMT program in other parts of Metro Manila, elsewhere in the Philippines, and in other countries.

*Expected project outputs after two years of implementation:* Abatement of 100,000 tCe during 20-year lifespan.

***Poland: Krakow Energy Efficiency Project (World Bank) GEF: \$11.000m; Total: \$99.000m***

The objective of the GEF financed activities is to remove barriers to market-oriented transactions and increase public and private sector investments in energy efficiency in buildings. The proposed GEF contribution will comprise: (a) non-grant modalities, to address specific risks of commercial banks' participation in financing building energy efficiency projects under the IBRD financed portion of the project; and (b) grant modalities, to cover the direct incremental costs of high-cost, energy efficient windows and insulation in building energy efficiency packages.

*Expected project outputs after six years of implementation:* Abatement of 0.24 MtCe over 10 years and additional 0.32 MtCe through estimated replication.

***Uganda: Rural Energy for Development (World Bank) GEF: \$30.000m; Total: \$375.000m***

This project is the first proposal submitted under the Strategic Partnership and will serve as a platform to demonstrate and test several approaches. It will remove market barriers to support the development of approximately 70 MW of biomass, hydro, and solar renewable energy capacity over ten years in a commercial, private sector orientation. The program will be implemented under an Adaptable Program Loan approach utilizing three funding tranches. The proposed approach will stimulate rural energy sources strongly linked with rural development needs, increasing connections from current rate of 1% to 10% over the life of the project, facilitating a shift from diesel fuel. Initial co-financing will build on new energy markets created by a recent private power law. The new law will be supported by a comprehensive set of capacity building, institutional strengthening and 'light regulation' approaches designed to facilitate growth in private sector delivery mechanisms. Nongrant financing modalities will be explored to the

greatest extent possible in tranches II and III. This is to enhance leverage of mainstream financing and to maximize the effectiveness of the GEF's interventions.

*Expected project outputs after 10 years of implementation:* estimated carbon displacement of 450 tons per MW-year, or 9000 tons of carbon per MW over a 20 year life. In Phase 1, 14 MW, or 126,000 tons carbon, and for the 70 MW full program carbon reductions of 630,000 tons. Similarly, solar capacity installed will displace about 8.5 kg of carbon over a 15 year lifetime, resulting in estimated displacement of about 1,700 tons for phase 1, and 25,500 tons for the program overall. This leads to carbon displacement of about 128,000 tons in the first phase, and about 650 thousand tons of carbon over the 15 - 20 year lifetime of the investments (not accounting for multiplier effects).

***Uruguay: Enabling Activity: Preparation of Uruguay's Second National Communication to the UNFCCC Program of General Measures and Voluntary Greenhouse Gas Emissions Reduction (UNDP) GEF: \$0.596m; Total: \$0.885m***

Project will assist Uruguay to update and refine its inventory of GHG emissions and to identify a set of measures to facilitate adaptation to climate change as the basis for its second communication to the FCCC. This report is also planned to serve as the basis for national programs for adaptation and voluntary abatement of GHG emissions.

*Expected project outputs after three years of implementation:* The project outcomes will be generated under four components or immediate objectives covering participatory planning and management, the development of sustainable livelihoods, capacity building and monitoring and evaluation.

#### INTERNATIONAL WATERS

***Regional (Angola, Namibia, South Africa): Implementation of SAP Toward Achievement of Integrated Management of the Benguela Current Large Marine Ecosystem (UNDP) GEF: \$15.458m; Total: \$38.908m***

Several major transboundary problems affecting the Benguela Current ecosystem have been identified during PDF-B work, the principal one being the decline of commercial fish stocks and non-optimal harvesting of living resources exacerbated by natural environmental variability. Additional concerns are the deterioration of water quality due to mining and drilling activities, the loss of critical habitats and threats to biodiversity. Based on these findings, the littoral countries have agreed on a program of actions (SAP) aimed at achieving the integrated management of the ecosystem, including the creation of the Benguela Current Commission, and a vast array of local, national and regional actions. The proposed project would support the countries in this effort, leading to a treaty and a permanent commission, the development of a series of assessments, surveys and plans, training and capacity building (the latter defined by the signatories of the SAP as of the "highest priority"), and the securing of additional financing. The Commission is needed to facilitate real time, information-intensive management of a highly fluctuating transboundary

fishery by the three countries and its formation results from the completion of the SAP process during preparation.

*Expected project outputs after five years of implementation:* (a) Established Project Coordination Unit); (b) developed plans, actions and timetables to achieve sustainable ecosystem based fisheries management; (c) assessed impacts of mining and drilling activities; (d) developed measures to achieve responsible mariculture, protection of vulnerable habitats, and understanding of the role of non-harvested species; (e) improved predictability of yields; (f) developed measures and programs to prevent oil spills and to address coastal water quality; (g) strengthened capacity; (h) secured additional financing.

***Regional (China, Rep. Korea): Regional (China, Rep. Korea): Reducing Environmental Stress in the Yellow Sea Large Marine Ecosystem (UNDP) GEF: \$14.744m; Total: \$25.046m***

The Yellow Sea is one of the most intensely exploited areas in the world. Approximately 10 percent of the world population lives in the area that drains to the Yellow Sea. The sea is a semi-enclosed basin, shallow but rich in resources, and its waters are a highway for international shipping. Large cities, among them Shanghai, Dalian, Tianjin and Seoul, depend on the Yellow Sea as a source of marine resources for human nutrition, economic development, recreation and tourism. The analysis conducted during project preparation indicated the following major transboundary environmental problems: (a) decline/collapse of transboundary fish stocks; (b) degradation of biodiversity and of critical habitats; (c) water quality deterioration; (d) unsanitary conditions due to dispersion of pathogens and contaminants threatening human health and mariculture. The objective of the proposed project is to promote multi-country ecosystem based management practices with the aim of reducing stresses to the environment due to population and industrialization pressures. The project will enhance consultations among littoral countries building on existing partial agreements (APEC etc.) and will complement activities of the East Asian Seas GEF project and of the Tumen River GEF projects.

*Expected project outputs after five years of implementation:* (a) Common fisheries management plans and pilot projects developed; (b) Regional biodiversity strategy drafted and under implementation; (c) Regional water quality strategy drafted and under implementation; (d) Regional institutional and capacity building initiative developed and piloted.

***Regional (Costa Rica, Nicaragua): Formulation of SAP for the Integrated Management of Water Resources and the Sustainable Development of the San Juan River and its Coastal Zone (UNEP) GEF: \$3.930m; Total: \$5.365m***

The San Juan River Basin and its coastal zone, encompassing the subbasins of Lake Nicaragua and the San Juan River, extends through southeastern Nicaragua and northeastern Costa Rica to the Caribbean Sea linking ecosystems that are particularly valuable for their biodiversity and economic potential. This proposal is based on the conclusions and recommendations of the Transboundary Diagnostic Analysis (TDA) carried out under the PDF-B, which indicated the following major transboundary environmental problems: accelerated degradation of ecosystems and overexploitation of resources, soil degradation and sedimentation (deforestation), pollution of waterbodies (pesticides/fertilizers), and high vulnerability to natural hazards. The proposed project will address these issues through the formulation of a program of actions (SAP),

accompanied by extensive demonstration activities, aimed at the conservation of natural ecosystems and at social and economic development in order to satisfy present and future demands minimizing water conflicts. The major components of the SAP formulation include: (a) the strengthening of a basin-wide information system that provides the mechanisms for gathering and dissemination of data adequate to the needs of decision-making for the integrated management of the basin; (b) the creation of a well-coordinated bilateral planning process for the basin; (c) the implementation of a public participation process; (d) the strengthening of public institutions and private organizations; and (e) the formulation and implementation of environmental education activities. Its execution is expected to bring both local and global benefits, such as conservation of the water cycle, the preservation of major water bodies and of the region's biodiversity, and the protection of extensive carbon sinks.

*Expected project outputs after three years of implementation:* (a) A Strategic Action Program agreed upon by the riparians; (b) a basin information system established, including water quality monitoring, hydrographic surveys, natural hazards zoning, assessments of freshwater, coastal and marine habitats; (c) eight pilot demonstrations aimed at enhancing stakeholder involvement and public participation, executed; (d) strengthened institutions, coordination and capacity; (e) three demonstrations aimed at increasing public awareness and education on conservation and sustainable use, executed.

#### MULTIPLE FOCAL AREAS

***Global: GEF Small Grants Program (GEF/Second Operational Phase) (UNDP) GEF: \$22.823m; Total: \$46.823m***

The development goal of the GEF/Second Operational Phase is to secure global environmental benefits in the areas of biodiversity conservation, climate change mitigation and protection of international waters from community-based approaches. The continued support for this program is rooted in the belief that local solutions to global environmental problems exist as evidenced by the successful implementation of the program in the first phase. The Second Operational Phase was approved by Council in October 1998 with the understanding that the Second Operational Phase would have an annual "rolling" financial modality to ensure continuity of program activities. Disbursement would take place against key milestones and deliverables. At that time Council provided replenishment of \$ 31.62 million to the Second Operational Phase for the first two years. This project document reports on the progress made in the first year, outlines what it will deliver in the second year, and makes the request for year 3 (from February 2001 - February 2002) of this program.

*Expected project outputs after three years of implementation:* (a) Strategic Framework, Country Programme Strategies and Operational Guidelines implemented to ensure congruence with GEF Operational Strategy and Operational Programmes; (b) community projects selected and implemented in accordance with (a); (c) functional links with GEF wide projects, UNDP programs, government agencies and others, as appropriate; (d) capacity building for stakeholders and grantees; (e) global and country communications and outreach for sharing Second Operational Phase experiences and demonstration of global benefits; (f) resource mobilization at

global and country level for baseline costs and sustainability; (g) monitoring and evaluation system implemented to track and assess global benefits.

***Benin: Program for the Management of Forests and Adjacent Lands (World Bank) GEF: \$6.300m; Total: \$28.300m***

This IDA/GEF program will build on the promising experiences of the Natural Resources Management Project (Projet de Gestion des Ressources Naturelles–PGRN) in Benin which closed in June 1999. The PGRN tested a number of inter-related pilot activities consisting of community-based management of watersheds, wildlife reserves and gazetted forests. The overall objective is to meet local needs while promoting multiple global environmental objectives (climate change, biodiversity, land degradation) through a sustainable use of forest and adjacent land resources including the creation and diversification of different sources of sustainable income generation. At the same time the project aims to support the country to meet the growing demand for household fuels, without the loss of forest cover, the degradation of soil and water and the reduction of the ecosystem's carbon sequestration capacity.

*Expected project outputs after five years of implementation:* (a) enhanced carbon storage capacity of lands with low production/high ecological, cultural or religious importance; (b) enhanced protection of biological diversity within forests; (c) prevention of land and water degradation; (d) preservation of genetic diversity within forest species collected by rural populations for medicinal use; (e) improvement of traditional energy by developing and implementing a national fuelwood masterplan; (f) development of an innovative monitoring and evaluation method and for use by local communities and national authorities; and (g) development of a communication and education strategy.

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